

Message Text

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17

ACTION ARA-10

INFO OCT-01 ISO-00 EB-11 RSC-01 DRC-01 /024 W

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R 131951Z FEB 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5349

USDOC WASHDC

UNCLAS BUENOS AIRES 1167

E.O. 11652: N/A

TASG: EIND, ETRD, AR

SUBJECT: STEEL SCARP

1. CENTRO DE INDUSTRIALES SIDERURGICOS (CIS), THE ARGENTINE STEEL INDUSTRY ASSOCIATION, HAS APPROACHED THE EMBASSY WITH PROBLEM ARGENTINE SCRAP IMPORTERS ARE ALLEGEDLY HAVING IN PLACING THEIR ORDERS WITH SOME LICENSED U.S. EXPORTERS. CIS SAYS THAT ARGENTINE FIRMS ARE BEING REQUIRED BY SOME U.S. EXPORTERS TO PROVIDE LETTER FROM GOA AUTHORIZING THEM (THE IMPORTERS) TO IMPORT THE REQUESTED AMOUNTS. THIS PROCESS HAS CONSIDERABLY HAMPERED THE ARGENTINES AND HAS PUZZLED THEM AS WELL. THE EMBASSY SUSPECTS THAT THE REQUIREMENT IS LEVIED BY THE EXPORTERS BECAUSE CUSTOMERS IN CERTAIN COUNTRIES ARE ALLOCATED IMPORT QUOTAS BY THEIR GOVERNMENTS (THE GOA DOES NOT HAVE AN IMPORT QUOTA SYSTEM). WE PRESUME SOME U.S. EXPORTERS, ACTING IN IGNORANCE, REQUIRE PROOF OF ACCESS TO THE QUOTA FROM INDIVIDUAL PRUCHASERS IN ALL IMPORTING COUNTRIES WHOM THEY SERVICE. CAN YOU CONFIRM OR OTHERWISE EXPLAIN, AND IF POSSIBLE, INDICATE HOW PROBLEM MIGHT BE RESOLVED?

2. CIS INFORMS THAT FIRMS IN ARGENTINE STEEL INDUSTRY HAVE AN ADDITIONAL PROBLEM IN SECURING U.S. SCRAP UNDER OUR QUOTA SYSTEM: THE EXPORT QUOTA ARRANGEMENT MAKES IT PARTICULARLY DIFFICULT FOR THEM TO OBTAIN SHIPPING AT REASONABLE RATES BECAUSE OF THE SMALL AND FRAGMENTED NATURE OF THE QUOTA, WHICH IS APPARENTLY DISTRIBUTED

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AMONGST VARIOUS U.S. EXPORTERS LOCATED CONSIDERABLE

DISTANCES APART IN THE U.S. FURTHERMORE, WHEN THEY ARE
ABLE TO COMBINE SHIPMENTS OF QUOTA PURCHASE FROM TWO OR
MORE EXPORTERS, THEY FEEL THEY ARE PLACED AT A COST DISADVANTAGE
BECAUSE THE NEED OF EXPORTERS TO COORDINATE THEIR ORDERS
FOR ARGENTINA ENABLES THEM TO COORDINATE THEIR PRICES
AS WELL, EXERTING UPWARD PRESSURE ON THE PRICE. WE
AGREE TO PASS ON THIS CONCERN AS WELL, AND WOULD
APPRECIATE USDOC'S ADVICE ON POSSIBLE SOLUTIONS TO THIS
PROBLEM.
HILL

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Message Attributes

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Capture Date: 01 JAN 1994
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Disposition Case Number: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
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